

File

Annual Report

FOR THE YEAR ENDED AUGUST 31

1966

Niagara Structural Steel

ST. CATHARINES

**NIAGARA STRUCTURAL STEEL
COMPANY LIMITED**

DIRECTORS:

B. A. BROWN
S. HALPERIN
M. J. HOWE
R. A. KENNEDY
H. W. OLCH, Q.C.
E. D. SCOTT
H. P. TOMARIN

OFFICERS:

H. P. TOMARIN, President and General Manager
R. A. KENNEDY, Vice-President
S. HALPERIN, Vice-President
H. W. OLCH, Q.C., Secretary
J. C. BEVERIDGE, C.A., R.I.A., Treasurer

HEAD OFFICE & GENERAL SALES OFFICE:

SMITH & PETRIE STREETS
ST. CATHARINES, ONTARIO

DISTRICT SALES OFFICE:

55 YORK STREET
TORONTO, ONTARIO

AUDITORS:

DAVID B. FINE & COMPANY
TORONTO, ONTARIO

SOLICITORS:

OLCH, WORLD & TORGOV
TORONTO, ONTARIO

REGISTRAR AND TRANSFER AGENT:

THE CANADA TRUST COMPANY
TORONTO, ONTARIO

First Preference Shares, Series "A" Listed: The Toronto Stock Exchange



THE YEAR IN REVIEW

The Directors of NIAGARA STRUCTURAL STEEL COMPANY LIMITED are highly gratified to report the most successful year in the Company's history. The outstanding features of Niagara's record achievements for fiscal 1966 are as follows:

- A net profit of \$521,468.39 was realized (after provision of \$562,602.08 for income tax), compared with a net profit of \$149,926.79 for fiscal 1965.
- First Preference Shareholders received a total of \$37,629.66 by way of four quarterly dividends.
- Earnings per common share were \$1.04 after preference share dividends, compared with 23.3¢ for fiscal 1965.
- The sum of \$12,000.00 was allocated to the First Preference Share Purchase Fund

and used to purchase and cancel 2% of the total issued First Preference Shares.

- Sales volume was approximately \$10,000,000.00, an increase of some \$2,500,000.00 over fiscal 1965.
- Sales backlog entering the 1967 fiscal period is in excess of \$4,000,000.00.

Among the many projects completed by Niagara during 1966 were: chassis manufacturing plant for The Budd Automotive Co. of Canada Ltd., at Kitchener; alumni hall for University of Western Ontario at London; Chemcell plant addition for Catalytic Construction at Clover Bar, Alberta; chemical plant for Weatherly Corporation of Georgia, at Sarnia; concast and billet building for Stelco at Hamilton; computer, service and furnace buildings for Fiberglas at Guelph; building complex for Horton Steel at Fort Erie.

Included in present backlog are mining structures for Canadian Bechtel at Sherman Mines, Timagami; Stelco blast furnace complex for Arthur G. McKee of Cleveland at Hamilton; twist and ply building for Pigott Construction at Fiberglas plant, Guelph; Manhattan Pumping Station for City of New York; building extension for General Motors at London; building extension for Ford of Canada at Oakville.

The Company's investment in expansion of plant facilities was amply repaid during the past year by its proven ability to handle a greater sales volume efficiently and profitably. Further streamlining of existing facilities will effect still greater economies.

Due to the cyclical nature of the industry, Niagara continues to give careful consideration to diversification by way of new product development and by acquisition upon terms favorable to the Company.

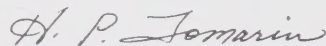
January 9, 1967.

We are pleased to report that a new union Agreement with the Company's plant employees has been entered into, and will remain in effect until November, 1968. The Company has also inaugurated a pension plan for all salaried employees which became effective September 1, 1966.

Niagara views the future with high optimism and considers prospects favourable for the continuation of the Company's growing strength.

The Directors of Niagara extend to Management and to all employees sincere gratitude for their dedicated efforts over the past year.

Respectfully submitted on behalf of the Board of Directors.



H. P. TOMARIN,
President.

NIAGARA STRUCTURAL STEEL COMPANY LIMITED
CONSOLIDATED

A S S E T S

AUGUST 31
1966 1965

Current

Cash	\$ 1,000	\$ 46,286
Accounts receivable, less allowance for doubtful accounts	1,664,404	2,194,150
Inventories of steel, work in process and sundry materials — at lower of cost or net realizable value	1,608,354	2,567,439
Prepaid expenses	43,257	28,189
	<u>\$3,317,015</u>	<u>\$4,836,064</u>

Fixed

Land, land improvements, buildings, machinery and equipment, automotive equipment, office furniture and fixtures, leasehold improvements (Note 3)	\$1,853,262	\$1,710,327
Less — accumulated depreciation (Note 4)	339,485	265,869
	<u>\$1,513,777</u>	<u>\$1,444,458</u>

Deferred

Incorporation and issue expenses (Note 5)	\$ 60,000	\$ 82,452
	<u>\$4,890,792</u>	<u>\$6,362,974</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders,
Niagara Structural Steel Company Limited,
St. Catharines, Ontario.

Dear Sirs:

We have examined the consolidated balance sheet of Niagara Structural Steel Company Limited and its wholly owned subsidiary company as at August 31, 1966 and the consolidated statements of operations, earned surplus and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that in our opinion, the accompanying consolidated balance sheet and related consolidated statements of operations, earned surplus and source and use of funds present fairly the financial position of the Company and its wholly owned subsidiary company as at August 31, 1966 and the results of its operations and the sources and uses of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Respectfully submitted,

DAVID B. FINE & COMPANY,
Chartered Accountants.

Toronto, December 16, 1966.

AND WHOLLY OWNED SUBSIDIARY COMPANY
BALANCE SHEET

LIABILITIES

	AUGUST 31	
	1966	1965
Current		
Bank advances (secured) (Note 7)	\$ 529,793	\$1,079,439
Accounts payable and accrued liabilities	1,085,968	1,297,978
Dividend payable		9,604
Income and other taxes payable	502,127	332,883
Advances on construction in process	49,933	1,320,177
Long term debt due within one year (Notes 6 and 8)	49,450	44,075
	<u>\$2,217,271</u>	<u>\$4,084,156</u>
Long Term Debt		
Bank loans (secured) (Note 6)	\$ 322,875	\$ 368,325
7% Mortgage payable, due December 31, 1972 (Note 8)	22,500	26,500
	<u>\$ 345,375</u>	<u>\$ 394,825</u>
	<u>\$2,562,646</u>	<u>\$4,478,981</u>

SHAREHOLDERS' EQUITY

Capital Stock			
Authorized:			
50,000 First preference shares with a par value of \$30.00 each, issuable in series			
1,290 First preference shares, series A purchased for cancellation out of purchase fund (Note 10)			
<u>48,710</u> Balance authorized			
1,000,000 Common shares without par value			
Issued and fully paid:			
1966 1965			
20,000 20,000 6½% cumulative, redeemable, convertible first preference shares, series "A" with a par value of \$30 each, redeemable at \$31.50 (Note 12)	\$ 600,000	\$ 600,000	
1,290 400 First preference shares, series "A" purchased for cancellation out of purchase fund (Note 10)	38,700	12,000	
<u>18,710</u> <u>19,600</u> Balance outstanding	<u>\$ 561,300</u>	<u>\$ 588,000</u>	
475,007 Common shares without par value	997,507	997,507	
Excess of net asset value of subsidiary over purchase price of shares at date of acquisition	193,897	193,897	
Contributed Surplus (Note 10)	3,418	960	
Earned Surplus	571,306	90,669	
First preference shares, series A purchase fund (Notes 9 and 10)	718	12,960	
	<u>\$2,328,146</u>	<u>\$1,883,993</u>	
	<u>\$4,890,792</u>	<u>\$6,362,974</u>	

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Approved on behalf of the Board:

Director: HARRY P. TOMARIN.

Director: HARRY W. OLCH.

Toronto, December 16, 1966.

NIAGARA STRUCTURAL STEEL COMPANY LIMITED
 AND WHOLLY OWNED SUBSIDIARY COMPANY
 CONSOLIDATED STATEMENT OF OPERATIONS

	YEAR ENDED AUG. 31	
	1966	1965
Profit from operations before providing for the undernoted items:	\$1,347,605	\$ 516,275
Provision for depreciation (Note 4)	\$ 83,546	\$ 81,921
Remuneration of executive officers and directors	157,189	96,488
Interest on long term debt	22,800	24,175
	<u>\$ 263,535</u>	<u>\$ 202,584</u>
PROFIT (Before income taxes)	\$1,084,070	\$ 313,691
Deduct: Provision for income taxes	562,602	163,764
NET PROFIT	<u>\$ 521,468</u>	<u>\$ 149,927</u>

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	YEAR ENDED AUG. 31	
	1966	1965
Balance at beginning of year	\$ 90,669	\$ 1,800
Add: Net profit for year	521,468	149,927
Amount transferred from first preference shares, series A purchase fund (Note 10)	24,242	
	<u>\$ 636,379</u>	<u>\$ 151,727</u>
Deduct: Net loss on disposals of fixed assets	\$ 2,596	\$ 1,233
Incorporation and issue expenses, amount written off	22,452	
Dividends on preference shares (Note 11)	28,025	47,825
Amount transferred to first preference shares, series "A" purchase fund (Note 9)	12,000	12,000
	<u>\$ 65,073</u>	<u>\$ 61,058</u>
Balance at end of year	<u>\$ 571,306</u>	<u>\$ 90,669</u>

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	YEAR ENDED AUG. 31	
	1966	1965
Source of Funds:		
Net profit from operations	\$ 521,468	\$ 149,927
Depreciation (a charge not requiring a cash outlay)	83,546	81,921
Funds from operations	<u>\$ 605,014</u>	<u>\$ 231,848</u>
Received additional long term bank loan		50,000
One-half interest in real property acquired, subject to a first mortgage taken back by vendor, one-half share		32,500
	<u>\$ 605,014</u>	<u>\$ 314,348</u>
Use of Funds:		
Net cost of addition to fixed assets	\$ 155,461	\$ 90,522
Decrease in long term debt	49,450	46,775
Dividends on preference shares	28,025	47,825
Preference shares purchased for cancellation	24,242	
Reduction in deferred income taxes payable		447
	<u>\$ 257,178</u>	<u>\$ 185,569</u>
Increase in working capital	<u>\$ 347,836</u>	<u>\$ 128,779</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

NIAGARA STRUCTURAL STEEL COMPANY LIMITED
 AND WHOLLY OWNED SUBSIDIARY COMPANY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 AS AT AUGUST 31, 1966

1. The name of the wholly owned subsidiary company included in the consolidation was changed during the year to Niagara Structural Steel (St. Catharines) Limited.
2. The subsidiary company acquired on September 1, 1965, as a going concern, the business, undertaking and certain of the assets of the parent company, except for the operations related to erection, and from that date carried on business.
3. According to an independent appraisal made by Cooper Appraisals Limited dated February 16, 1962, the fixed assets owned on that date by the subsidiary were appraised at a depreciated value of \$1,439,547. The directors of the subsidiary company, however, placed a value on these assets of \$1,428,697 and an excess of \$913,165 over depreciated net book value has been included in the value of the fixed assets. Subsequent additions have been recorded at cost.
4. The Company has adopted the straight-line method of depreciation as the basis for taking depreciation on fixed assets. Depreciation charged to operations for the year is in accordance with the rates previously determined by an independent firm of consulting engineers.
5. The Company proposes to amortize the \$60,000 balance of the cost of incorporation and issue expenses over the period of the next fifteen years.
6. Bank term loans maturing on November 1, 1969 are as follows:

Principal balance of first loan bearing interest at 5¼% per annum	\$209,400.00
Principal balance of second loan bearing interest at 6% per annum	113,700.00
Principal balance of third loan bearing interest at 6% per annum	45,225.00
	<u>\$368,325.00</u>
Deduct: payments due within one year included in current liabilities	45,450.00
	<u>\$322,875.00</u>

These bank term loans are secured by pledge of demand debentures subject to the provisions of loan agreements. The debentures constitute a first, fixed and specific mortgage and charge on the lands and equipment and a floating charge on all other assets, subject to the first mortgage on lands and buildings as referred to in note 7 following, and to the Company giving security in priority to the debentures to its general bankers on its inventory and accounts receivable or other property or assets embraced in the floating charge under the provisions of the Bank Act or otherwise. These bank term loans are repayable as to principal in monthly instalments plus interest.

7. The general bankers, in addition to security on the Company's inventory and accounts receivable, hold by way of collateral security for bank advances a demand floating charge debenture which is subject in priority to the debentures referred to in Note 6.
8. The Company owns a one-half interest in certain lands and buildings adjacent to the site of the Company's plant. This property is subject to a first mortgage balance of \$53,000, bearing interest at 7% per annum and is repayable \$2,000 quarter yearly on account of principal plus interest.

Principal mortgage balance, one-half share	26,500.00
Deduct: payments due within one year included in current liabilities, one-half share	4,000.00
	<u>\$ 22,500.00</u>

9. The Company has set aside out of profit to the credit of the purchase fund the amount of \$12,000.00 in accordance with the maximum requirements of the conditions attached to the First Preference shares, Series A.
10. The Company purchased for cancellation during the year out of the purchase fund set aside, at a cost of \$24,242, 890 First Preference shares, Series "A" with a par value of \$30 each, and the difference of \$2,458 has been added to contributed surplus. The total number of shares purchased for cancellation up to the close of the current fiscal year is 1,290 First Preference shares, Series "A" for a total cost of \$35,282.
11. Dividends on preference shares declared during the current year consisted of three regular quarterly dividends in the total amount of \$28,025. A dividend of \$9,604 being the first quarterly dividend for the current period was declared in the prior fiscal year.
12. The number of common shares issued will be increased in the event of conversions of the 6½% cumulative redeemable convertible First Preference shares, Series A, pursuant to the conversion rights attached to such shares.
13. The Company has undertaken to grant to certain officers and full-time key employees options to purchase up to a total of 45,000 common shares in its capital at \$3.00 per share, such options to be exercised within such periods as the directors may determine.

DOMINION FOUNDRIES AND STEEL, LIMITED
HAMILTON, ONTARIO

August 19th, 1966

D. O. DAVIS
VICE-PRESIDENT ENGINEERING

Mr. H. Tomarin
President
Niagara Structural Steel Ltd.
P.O. Box 730
St. Catharines, Ontario.

Bay Front - Steelmaking Division -
Replacement of Runway Girders etc.
- Crash Programme

Dear Harry:

We, at Dofasco, wish to take this opportunity to thank you for your part in the above difficult project. We appreciate the schedule we had set up for you on this particular job was an extremely tight one but, as you know, the steelmaking division is a most vital operation in the steel industry.

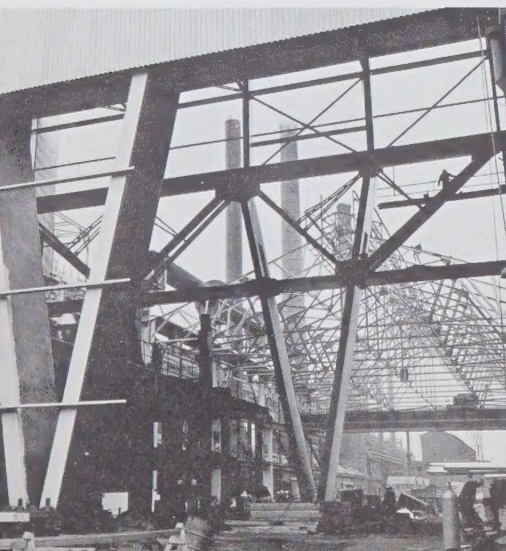
In this day and age, it is quite unusual to see tradesmen display not only the drive to get the job done, but the interest of individual tradesmen in following closely the time schedule that had been set for the project.

Please convey to the men in your organization who worked on this project, our very deep and sincere appreciation for their part in our programme.

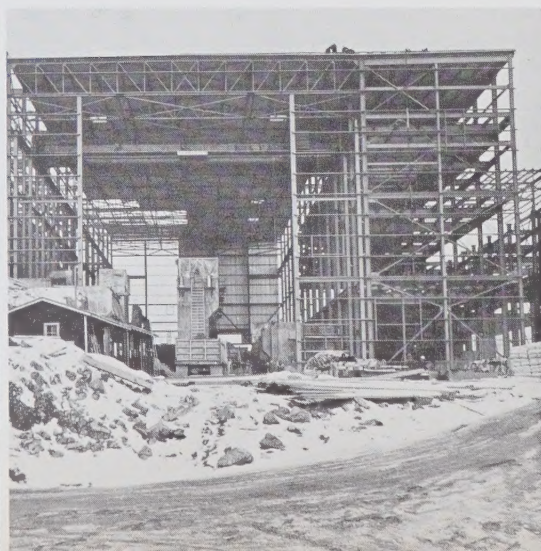
Sincerely

D. O. Davis

Concast and Billet Building for The Steel Company of Canada, Hamilton, Ontario.



Concentrator Building for Sherman Mines. One of many buildings part of the project in Timagami, Ontario.



Manufacturing area for The Budd Automotive Company of Canada, Limited erected in Kitchener, Ontario. Other buildings in this complex built by Niagara are Office building and Boiler House.



